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FM AMEMBASSY PRAGUE

TO RUEHC/SECSTATE WASHDC 8803

INFO RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS PRAGUE 000323

SIPDIS

SENSITIVE

SIPDIS

STATE FOR EUR/NCE EFICHTE AND EB/IPE JBOGER
STATE PASS USTR FOR JCHOE-GROVES AND WMOORE
COMMERCE FOR 4232/ITA/MAC/MROGERS
COMMERCE PASS USPTO
STATE PASS LIBRARY OF CONGRESS

E.O. 12958: N/A

TAGS: [KIPR](#) [ETRD](#) [ECON](#) [EZ](#)

SUBJECT: CZECH RESPONSE TO RIAA SPECIAL 301 COMPLAINT

REF: A. PRAGUE 244

[1](#)B. PRAGUE 293

[1](#)C. PRAGUE 160

[1](#)D. PRAGUE 274

[1](#)E. STATE 7944

1.(SBU) In response to the Recording Industry Association of America (RIAA) Special 301 complaint against the CR, the GOCR provided USTR March 23 a written report on efforts to combat optical media IPR violations in the CR. The report highlights recent IPR legislation and enforcement activities the Czechs have implemented to protect IPR (ref A).

Legislation & Enforcement

2.(SBU) The GOCR report notes that it has EU-compliant legislation to enforce IPR protections, such as the Criminal Code, Copyright Act, and Act on Consumer Protection (ref A). These legislative enhancements have given new authority to both the Customs Directorate and the Czech Trade Inspection Office to monitor IPR and seize pirated goods (ref A).

3.(SBU) The report did bring to light new data concerning the year-to-year activities of the Trade Licensing Office, which issues and regulates business licensing for vendors. The office has the power to impose fines on as well as to suspend and revoke the licenses of vendors who sell pirated goods. In 2006, the Consumer Protection Act strengthened this office's ability to regulate licensing violations with increased maximum fines (up to CZK 50 million), which resulted in a rise in the number and value of fines:

2005

of fines: 1900

Total value of fines: CZK 2,170,000

revoked licenses: 11

2006

of fines: 2870

Total value of fines: CZK 4,160,000

revoked licenses: 84

No Action Plan & No Border Markets

4.(SBU) The GOCR report did not lay out any new initiatives for reducing piracy, but was a plea for staying off the

Special 301 Watch List. The Ministry of Trade and Industry wrote the report and focused on the efforts and developments it has taken to manage IPR. It was not a GOCR-wide integrated response to IPR protection. The report ignored RIAA claims of "mushrooming" open air border markets as the source of much of the digital piracy in the CR. It instead made short remarks about a world-wide fall in music sales as the cause of industry's problems. This report certainly does not constitute an Action Plan, which we have made clear to senior Czech officials we expect to see soon; this point was raised most recently in a letter late last week to Deputy Trade Minister Tlapa, which would not have been received in time to influence this report.

GRABER